R E P O R T

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA

JUNE 30, 2012 AND 2011

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA

INDEX TO REPORT

JUNE 30, 2012 AND 2011

DUPLANTIER, HRAPMANN, HOGAN & MAHER, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

December 28, 2012

Board of Trustees of the
Sheriffs' Pension and Relief Fund
State of Louisiana
1225 Nicholson Drive
Baton Rouge, Louisiana 70802

We have audited the statements of plan net assets of the Sheriffs' Pension and Relief Fund, State of Louisiana as of June 30, 2012 and 2011 and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the management of the Sheriffs' Pension and Relief Fund. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sheriffs' Pension and Relief Fund as of June 30, 2012 and 2011 and the results of its operations and changes in net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 28, 2012 on our consideration of Sheriffs' Pension and Relief Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The required supplementary information on pages 40 - 42, as required by the Governmental Accounting Standards Board, and the other supplementary information on pages 37 - 39 are presented for the purposes of additional analysis and are not a required part of the financial statements. The required supplementary information and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the required supplementary information on pages 40 - 42 and the other supplementary information on pages 37 - 39 for the years ended June 30, 2012 and 2011 are fairly stated in all material respects in relation to the financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the Sheriff's Pension and Relief Fund's basic financial statements for the years ended June 30, 2007 – 2010, which are not presented with the accompanying financial statements. In our reports dated November 28, 2007, December 8, 2008, November 17, 2009, and December 22, 2010, we expressed unqualified opinions on the respective financial statements. Those audits were conducted for the purpose of forming opinions on the Sheriffs' Pension and Relief Fund's financial statements as a whole. The required supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2007 – 2010 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the required supplementary information on pages 40 - 42 for the years ended June 30, 2007 – 2010 is fairly stated in all material respects in relation to the basic financial statements for the years ended June 30, 2007, 2008, 2009 and 2010.

Duplantier, Hrapmann, Hogan & Maher, LLP

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2012

The Management's Discussion and Analysis of the Sheriffs' Pension and Relief Fund (Fund or LSPRF) financial performance presents a narrative overview and analysis of the Sheriffs' Pension and Relief Fund's financial activities for the year ended June 30, 2012. This document focuses on the current year's activities, resulting changes, currently known facts in comparison with the prior year's information. Please read this document in conjunction with the information contained in the Sheriffs' Pension and Relief Fund's financial statements which begin on page 12.

Economy and the Global Investment Markets for Fiscal Year 2012

It is important to recognize that the U. S. and global economies and investment markets that pension funds rely on for a substantial amount of funding are by nature cyclical and subject to wide variances in performance and investment returns over time. An example of this cyclical nature is the historically severe recession of 2009 and the lesser recession of 2002, each followed by periods of more favorable market conditions.

Last year's report of record investment returns of 20.9%* assisted the Fund in continuing to recover from the after effects of the very deep recession of 2009 and substantially exceeded our annual 8% target rate of return. As a subsequent event note in last year's report, we reflected our concerns that due to a number of important concerns affecting global economies and markets, we anticipated less favorable capital market conditions and investment results for the fiscal year ended 2012.

After the substantial gains produced in the prior year, fiscal year 2011 – 2012 began with the U. S. and global economies slowing and investment markets in a steep decline during the 1st quarter of the year, followed by periods of heavy volatility up and down throughout the year. With the severity of global problems encountered during the year, we were fortunate to end the year with an investment loss of (.20) % or (2/10ths of 1%), and did not meet our annual 8% target rate of return. During these turbulent times, we maintained a conservative asset allocation and management of assets, and in our opinion, our results compare very favorably to our peers.

As long-term investors, and due to the nature of the funding of the System, it is important to consider funding progress over periods of time longer than the current year. This will be explained further later in this analysis. At this point, it is significant to review the progress of the Fund considering the impact of the 2002 and 2009 recessions up to the current fiscal year.

- The Fund's assets have increased from $820 million in 2002 to $1.967 billion** at June 30, 2012 or up about 140% over 2002 levels. Funding results of recent fiscal years have set a new all time high in the market value of total plan assets at fiscal year close.
- With the funding progress of recent years, the Fund's total plan assets of $1.967 billion** at 6/30/12 substantially exceed pre-recession levels of $1.550 billion at fiscal year ended 2007.
- With the longer term actuarial funding methods used to measure funding of the system and the Fund's positive cash flow position, total plan assets increased approximately $59,078,500** over fiscal year ended 6/30/11.

As a subsequent event note, global investment markets in the new fiscal year which began 7/1/12 are considerably more favorable currently than the 2011 - 2012 fiscal year covered in this audit. With a more favorable beginning in the new fiscal year, the Fund's total assets currently exceed $2 billion for the first time in the history of the Fund, closing at November 30, 2012 with total plan assets at approximately $2,053,035,500. Capital markets have proven resilient and have produced a positive return on investments to date in the new fiscal year despite major concerns over the potential U. S. "fiscal cliff" and other uncertainty in global markets and economies. While uncertainty remains in global economies, and further Congressional debate over the U. S. debt ceiling and budget cuts are likely to bring further volatility in the capital markets, the Fund is off to a more favorable beginning than last fiscal year.

*Source Mellon Analytics
** Audited financial statements

SHERIFFS' PENSION AND RELIEF FUND
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MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2012

Funded Ratio & Advance Payment of Frozen UAL

In this analysis, it is useful to consider data from the Fund's required annual actuarial valuation as well as the annual audit in order to provide additional information that may be relevant.

The Fund's Net Actuarial Value of Assets to GASB 25 accrued liability continued to improve again this fiscal year, with the Plan's funded ratio increasing at June 30, 2012 to 96.86% from fiscal year 2011 level of 96.57%. A major factor in reducing the unfunded liability and favorably impacting the funded ratio was the decision by the Board of Trustees to prepay $22,548,024 or 23% of the Fund's unfunded accrued liability in fiscal year 2008, after favorable market conditions provided the opportunity. This resulted in additional principal reductions in the UAL each year since, including a principal reduction of $2,669,624 for fiscal year 2012. As a result, the balance of the frozen UAL has been reduced to $66,156,793 from the 6/30/2007 level of $96,251,088, or a reduction of over 31% since 2008.

The Fund's frozen UAL was accumulated over many years dating to inception of the Fund, as is the case with other statewide retirement systems. In 1989 the Legislature froze unfunded liabilities for the systems and mandated a schedule to amortize the liabilities, with interest over a period to end in 2029. This schedule required increasing annual payments, with no substantial principal reduction scheduled in the near future. With the principal payments made during the past four years, our Plan's amortization schedule is reduced from 2029 to about June 2023.

The progress made possible by the early payments to the UAL provides substantial savings of interest costs over time, and will potentially assist in Plan funding requirements and employer contribution costs in the longer term future. This action, along with other measures taken by our Board to help control future long-term liabilities provides the potential to favorably influence the Fund's financial position and the possibility to influence the Fund's ability to provide more reliable assistance to our retirees in the future.

Revenue and Benefit Payments Discussion

- Revenues apportioned by the Public Employees' Retirement Systems' Actuarial Committee for the Fund's statutorily dedicated portion from insurance premium tax collections totaled $15,628,206, an increase of $197,520 over the prior year. The Fund's receipts of statutorily dedicated ad valorem taxes were $16,626,832, an increase of $680,652 over fiscal year 2011.
- Contributions to the Plan by employers and members totaled $142,643,570 for an increase of $3,292,066 over the prior year. The Fund collected employer contributions at 12.5% for fiscal year 2012, with an allocation of 1.25% from the Funding Deposit account reserves, compared to 12% for the prior year with an allocation of .75% from the Funding Deposit account.
- Pension and disability benefits paid to retirees and beneficiaries, as determined by the Fund's auditors totaled $98,839,632, an increase of $7,314,572 over the prior year. Refunds of contributions paid to members upon termination, and transfers to other systems on behalf of members totaled $17,468,767 for an increase of $4,919,114 from fiscal year 2011.

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Revenue and Benefit Payments Discussion (Continued)

- A significant note for the Fund is that contributions and other non-investment income exceeded payments for benefits paid to members, refunds, transfers and administrative expenses by $62,411,376 for fiscal year 2012, a decrease of $8,913,117 over fiscal year 2011. The Fund has a positive annual cash flow and does not rely on investment income to pay current benefits to members, and is not expected to have to in the foreseeable future. The decrease for this year is due in part to the 4-year election cycle, along with the privatization of a local prison, resulting in increased retirements and refunds of contributions in this fiscal year. We expect the positive cash flow to again increase in the near term future.

Actuarial and Operational Methods and Funding Progress

Due to the perpetual nature of the LSPRF, the Fund uses actuarial funding methods as prescribed by law to reflect funding progress and prepare to meet liabilities for benefits payments that will be due well out into the future. Actuarial funding is a process where funds are accumulated over the working lifetime of members in a manner to have sufficient assets at retirement to pay for the lifetime benefits accrued by members.

- Investment returns are an important component of the funding of the System in order to support benefit levels and control employer contribution costs to sheriff's offices, the plan sponsors.

- To assist in keeping the Plan affordable for employers, the Fund uses the investment markets and assumes a level of risk to meet long-term funding targets. LSPRF currently uses a valuation interest rate, or assumed long-term rate of return of 8% to provide an additional source of funding for the Plan. As discussed in this analysis, a reduction in the assumed rate is under consideration.

- It is necessary to recognize that the Fund is a long-term investor and is subject to periods of favorable and unfavorable global market conditions. The Fund uses an actuarial smoothing method recommended by our actuaries to help mitigate the impact of volatility in the global markets, and assist in providing more stable annual funding requirements both in times of favorable and unfavorable market conditions.

- Currently, the Fund's investment experience is actuarially smoothed over a 5-year period to provide the actuarial rate of return and the actuarial value of assets used to stabilize and determine the effect of investment experience on Plan costs, and set the required employer contribution rates to meet each year's funding requirements.

As noted earlier in this analysis, capital markets were unfavorable during fiscal year 2012 and the Fund ended the year with a slight investment loss. During this year, the Fund benefited from the actuarial 5-year smoothing method discussed above, recognizing a portion of the gains from recent favorable years and losses from prior unfavorable years to help provide stability in the calculation of the actuarial value of assets and favorably impacting the required employer contribution rate and funding progress.

- As determined by the Fund's auditors, the Fund's assets exceeded its non-actuarial liabilities at fiscal year-end 2012 by $1,967,024,952 representing an increase from last fiscal year's level of $1,907,946,452. The net assets held in trust increased by $59,078,500 or 3.10%. This compares to an increase of $390,337,018 or 25.72% in a substantially more favorable fiscal year 2011.

Actuarial and Operational Methods and Funding Progress (Continued)

- As explained in the funding methods discussion, the conversion from market value to actuarial asset values results in an actuarial asset value of $2,042,809,526 for fiscal year 2012, as compared to the 2011 value of $1,935,179,988 representing an increase of $107,629,538.

While the two previous years of very favorable plan experience have improved funding measures coming out of the severe recession of 2009 and have assisted in stabilizing the less favorable 2012 fiscal year, further economic and capital markets recovery will be needed to favorably impact contribution rates.

Capital Market Assumptions and Impact on Funding Methods

Capital market assumptions are projections of expected investment returns of various asset classes over time. These assumptions are formulated by economists in major financial institutions, including our consultants, Russell Consulting. Assumptions change periodically with changes in the economic outlook and events and conditions that may affect financial markets in the longer-term.

This discussion is relevant in this analysis because it affects decisions on investment asset allocations considered by the Board, and also affects assumptions used by our actuaries in decisions impacting funding of the System. Primarily, these assumptions impact the valuation interest rate, or the target rate of return the Fund assumes in the long-term funding of the System. LSPRF currently uses a target rate of return of 8%.

Recently released Capital Market Assumptions are reflecting that expected market rates of return will not consistently support an 8% assumption in the intermediate term future without assuming levels of market risk that could unfavorably impact the Fund in down years. LSPRF maintains a conservative investment allocation plan to avoid taking undue risk that may prove more detrimental in unfavorable markets.

As a result of the lower expected rates of return, the Board of Trustees will consider a reduction in the current valuation interest rate of 8%, to be effective with the beginning of the coming fiscal year. Since the assumed rate of return is a funding component of the System, a reduction in the assumed rate will require an increase in the required employer contribution rate in the initial year implemented. The annual Actuarial Valuation required by law for this year is prepared assuming a reduction in the valuation interest rate from 8% to 7.9%, with additional reductions to be considered by the Board in future years. It is expected that changing actuarial standards will require a reduction in the assumed rate from 8% to 7.5% eventually.

This is a change that public retirement systems are facing both at the state and national level to maintain rates more consistent with capital market assumptions. Fortunately, the LSPRF Actuarial Valuation results reflect that the Fund is in a position to bring the assumed rate down gradually, avoiding a much larger impact on the contribution rate in the coming fiscal year.

Capital Market Assumptions and Impact on Funding Methods (Continued)

While the initial impact of this change is negative due to an increase in the employer contribution rate in the initial year implemented, the potential for positive impacts on the LSPRF are substantial for the future:

- Enhances the Fund's ability to achieve the target rate of return, and increases actuarial gains in favorable years when investment returns exceed the target.
- Favorable actuarial gains provide the potential to reduce contribution rates over time and the potential to provide additional reserves in the LSPRF Funding Deposit Account. This is discussed further in this analysis.
- Lessens actuarial losses in periods of unfavorable market experience.
- Combined with savings over time from the Fund's pension benefits reform in 2011, may enhance the Fund's ability to assist retired members more reliably during sustained periods of favorable market conditions.

Operational Methods and Required Contribution Rates

In long-term planning by the Board of Trustees in prior years, a Funding Deposit Account (FDA) was created to accumulate reserves from prior favorable years that are authorized to be used to offset against increases in the employer contribution rates during periods of unfavorable market and actuarial conditions. Funds from this reserve account have been used for the past 3-years to reduce the impact of the severe recession of 2008-2009 on the rising employer contribution rates, resulting in a favorable impact on sheriffs' offices budgets and funding at the local level.

For the 2012 fiscal year covered by this audit, the actuarially recommended employer contribution rate was set at 13.75%. Due to the prior planning by the Board, the employer contribution rate actually collected was 12.50%, with the remaining 1.25% allocated from the FDA. For the fiscal year 2013, the required rate was again 13.75%, with 13.25% actually being collected and .50% allocated from the FDA.

The FDA currently has a balance of .61% remaining to offset the expected increase in the contribution rate for the fiscal year beginning 7/1/13. As noted earlier, the impact of decreasing the 8% valuation interest rate to 7.9% results in an increase in the employer contribution rate, along with the unfavorable capital markets experience for fiscal year ended 2012. The Board has the option of using all or a part of the remaining FDA reserves to reduce the required contribution rate for the upcoming fiscal year. This decision will be made by the Board later in this fiscal year.

Pension Reform and Long-Term Liability Management

With the move to a more dominant global economy bringing increased issues such as the European debt crisis in the past fiscal year, along with the problems the U. S. Congress is working to resolve with major issues in the U. S. debt situation, we expect to see continued volatility and risks in the investment markets for the current fiscal year and beyond.

Pension Reform and Long-Term Liability Management (Continued)

With this continually changing environment, our Board has recognized the importance of not only managing assets for investment returns, but also managing liabilities for benefits payments that will be due well out into the future. The Fund's Board of Trustees has continued to take action to assist in controlling long-term liabilities to help protect funding of the System for the long-term.

As noted in last year's analysis, The Board assumed a leadership role in sponsoring major pension benefits reform (Act 120 of 2011) that will have a substantial impact in costs savings over time. This legislation was effective for new hires after January 1, 2012 and includes actions such as increasing age requirements for regular retirement eligibility and changes in the formula used in the calculation of benefits. As expected, these changes result in plan costs savings that begin in the short-term future and increase over time to provide substantial long-term savings. While only in effect for 6 months of the fiscal year ended 2012, the Fund produced savings of .6228% attributed to the pension reform action taken.

We expect these changes will assist the Fund in improving management of contribution rates over time, and assist the Fund in times of unfavorable market conditions and future recessions that are likely to occur. In addition, we anticipate the reform will provide a better balance in benefits promised new members with our need to assist retirees on a more reliable basis.

Summary and Other Relevant Information

As noted earlier in this analysis, the Fund has made substantial progress in the growth of total plan assets, currently at record highs, despite two recessions since 2002 including the historical severity of the 2008-2009 recession. In addition, prudent management by the Board of Trustees has resulted in a reduction of over 31% in the Fund's frozen unfunded accrued liability since 2008. During the recession and the aftermath, the Fund has maintained employer contribution levels substantially lower than many of our peers, both at the state and national levels. This is a result of the Board's action in creating reserves available for this purpose during more favorable periods.

As noted earlier, the Fund has a positive cash flow from non-investment sources of income provided by law and actuarial methods that exceeds amounts paid annually for current benefits paid to members and administrative expenses. The Fund is not reliant on investment returns to pay monthly benefits to members, and is not expected to have to in the foreseeable future. Since the vast majority of the Fund's liabilities relate to benefit payments to be made well into the future, the Fund has the ability and responsibility to maintain a long-term investment outlook and strategy.

The Board employs professional investment consultants and investment managers to maintain a well diversified investment portfolio and asset allocation designed to assist in risk control during unfavorable periods and benefit from favorable periods to help attain the Fund's targeted returns over time. The Fund endeavors to use a conservative asset allocation without the use of strategies that require lengthy lock-up or illiquid periods and uncertain asset valuation methods.

Summary and Other Relevant Information (Continued)

The Board and staff have worked to improve the educational requirements and professionalism of the staff and have enhanced technology and operational methods to improve response times to our members and increase operational efficiency. This has allowed a reduction in staff and a succession plan of highly competent staff for key positions, even as assets under management and workload requirements have increased.

A priority for management is working to carefully manage administrative expenses that we have control over, as we continue efforts to improve the Fund's operations. Administrative expenses for fiscal year 2012, as classified by our auditors, reflect an increase of approximately 3% over the prior year. This compares to a decrease of 3% in the 2011 fiscal year. In considering administrative expenses, it is also necessary to understand that each year unforeseen or unexpected necessary costs may arise.

In closing, the Fund has made substantial progress over time, and actions taken by the Board to control liabilities is expected to further enhance the soundness of the Fund.

Using This Financial Report

The discussion and analysis is intended to serve as an introduction to the Fund's basic financial statements, which are comprised of three components:

- Statement of plan net assets,
- Statement of changes in plan net assets, and
- Notes to the financial statements.

This report also contains required supplemental information in addition to the basic financial statements themselves.

Because of the long-term nature of a defined benefit pension plan, financial statements alone cannot provide sufficient information to properly reflect the plan's ongoing plan perspective. This financial report consists of two financial statements and two required schedules of historical trend information. The Statements of Plan Net Assets and Statements of Changes in Plan Net Assets (on pages 12 and 13) provide information about the activities of the pension funds as a whole. Sheriffs' Pension and Relief Fund is the fiduciary of funds held in trust for sheriffs, deputies, non-commissioned employees of sheriffs' offices throughout the State of Louisiana and employees of the Louisiana Sheriffs' Association and the Sheriffs' Pension Fund office.

The Schedule of Funding Progress (on page 41) includes historical trend information about the actuarially funded status of the Fund from a long-term, ongoing plan perspective and the progress made in accumulating sufficient assets to pay benefits when due. The Schedule of Employer Contributions (on page 40) presents historical trend information about the annual required contributions of employers and the contributions made by employers in relation to the required contributions. These schedules provide information that contributes to understanding the changes over time in the funded status of the plan.

SHERIFFS' PENSION AND RELIEF FUND
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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Financial Analysis of the Fund

Sheriffs' Pension and Relief Fund's plan net assets increased during the year ended June 30, 2012 by $59,078,500 from $1,907,946,452 Plan net assets for the prior fiscal year had increased by $390,337,018 compared to the prior fiscal year decrease, attributable to much less favorable market conditions than the prior fiscal year. This analysis focuses on plan net assets (Table 1) and changes in plan net assets (Table 2) of the Fund.

TABLE 1
PLAN NET ASSETS
(In Thousands)

	2012	2011
Cash and investments	$ 2,029,059	$ 2,016,943
Receivables and prepaid	109,484	52,928
Capital assets	2,614	2,742
Total assets	2,141,157	2,072,613
Total liabilities	174,132	164,667
Plan net assets	$ 1,967,025	$ 1,907,946

TABLE 2
CHANGES IN PLAN NET ASSETS
(In Thousands)

	2012	2011
Additions:		
Contributions	$ 175,324	$ 171,154
Net investment income (loss)	(3,333)	319,013
Other	4,910	5,805
Total additions, net of investment losses	176,901	495,972
Deductions:		
Benefits	98,840	91,525
Refunds and transfers	17,468	12,550
Administrative expenses and depreciation	1,514	1,560
Total deductions	117,822	105,635
Changes in plan net assets	$ 59,079	$ 390,337

Plan net assets increased by 3.10%, $1,967,024,952 compared to $1,907,946,452. These assets are restricted in use to provide monthly retirement allowances to members who contributed to the Fund as employees and their beneficiaries.

Additions to Plan Net Assets

Additions to Sheriffs' Pension and Relief Fund plan net assets were derived from member and employer contributions. Member contributions decreased $9,815 or .02% while employer contributions increased $3,301,881 or 4.34%. The increase in contributions has continued based on prior legislation enacted which increased the contributions for plan members to 10% and employer contributions 12.5% of annual covered payroll. The Fund experienced a net investment loss of $(3,332,876) as compared to net investment income of $319,012,525 in the prior year.

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Additions to Plan Net Assets (Continued)

	2012	2011	Increase (Decrease)
Member Contributions	$ 63,346,835	$ 63,356,650	$ (9,815)
Employer Contributions	79,296,735	75,994,854	3,301,881
Insurance Premium Taxes	15,628,206	15,430,686	197,520
Ad Valorem Taxes	16,626,832	15,946,180	680,652
State Revenue Sharing	424,604	426,126	(1,522)
Net Investment Income (Loss)	(3,332,876)	319,012,525	(322,345,401)
Other Additions	4,910,270	5,804,785	(894,515)
Total	$ 176,900,606	$ 495,971,806	$ (319,071,200)

Deductions from Plan Net Assets

Deductions from plan net assets include mainly retirement, death, survivor benefits, refunds and transfers of contributions to other retirement plans and administrative expenses. Deductions from plan net assets totaled $117,822,106 in fiscal year 2012. This is an increase of $12,187,318 when compared to fiscal year 2011. Retirement benefit payments increased $7,314,572 and refunds of contributions increased by $5,508,832.

	2012	2011	Increase (Decrease)
Retirement Benefits	$ 98,839,632	$ 91,525,060	$ 7,314,572
Refunds of Contributions	16,630,844	11,122,012	5,508,832
Administrative Expenses and Depreciation	1,513,707	1,560,075	(46,368)
Transfers to Other Systems	837,923	1,427,641	(589,718)
Total	$ 117,822,106	$ 105,634,788	$ 12,187,318

Investments

The Fund is responsible for the prudent management of funds held in trust for the exclusive benefits of the members' pension benefits. Funds are invested to achieve maximum returns without exposing retirement assets to unacceptable risks. Total investments at June 30, 2012 amount to $2,017,002,186 as compared to $2,008,615,218 at June 30, 2011, which is an increase of $8,386,968 or 0.4%. The most significant increase is in bonds. Sheriffs' Pension and Relief Fund's investments in various markets at the end of the 2012 and 2011 fiscal years are indicated in the following table:

	2012	2011	Increase (Decrease)
Cash Equivalents	$ 115,784,308	$ 101,961,821	$ 13,822,487
Collateral Held Under Securities Lending	22,549,970	77,532,496	(54,982,526)
Bonds	602,004,314	540,818,931	61,185,383
Stocks	1,276,663,594	1,288,301,970	(11,638,376)
Total	$ 2,017,002,186	$ 2,008,615,218	$ 8,386,968

Requests for Information

Questions concerning any of the information provided or requests for additional financial information should be addressed to Osey McGee, Jr., Sheriffs' Pension and Relief Fund, 1225 Nicholson Drive, Baton Rouge, Louisiana 70802, (225) 219-0500.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2012 AND 2011

	2012	2011
ASSETS:		
Cash (Note 6)	$ 12,056,768	$ 8,328,200
Receivables and prepaid expense:		
Member contributions	4,092,724	4,906,013
Employer contributions	5,128,294	5,461,604
Accrued interest and dividends	4,206,132	4,129,335
Sold investments receivable	94,996,376	37,340,235
Other receivables and prepaids (Note 14)	1,060,631	1,091,173
Total	109,484,157	52,928,360
Investments (at fair value): (Notes 1, 6, 7, 8, 16 and 17)		
Cash equivalents	115,784,308	101,961,821
Collateral held under Securities Lending Program	22,549,970	77,532,496
Bonds	602,004,314	540,818,931
Equities and other investments	1,276,663,594	1,288,301,970
Total	2,017,002,186	2,008,615,218
Land, property, plant and equipment: (Notes 1 and 13)		
Building	2,727,329	2,727,329
Land and improvements	92,692	92,692
Furnishings, equipment and vehicles	959,787	933,652
	3,779,808	3,753,673
Less: Accumulated depreciation	1,165,754	1,011,626
Total	2,614,054	2,742,047
Total assets	2,141,157,165	2,072,613,825
LIABILITIES:		
Obligations under Securities Lending Program (Notes 6 and 7)	22,807,354	77,806,608
Investments purchased payable	137,667,497	78,836,090
Refunds payable	1,161,056	791,903
Other payables	10,398,795	5,286,200
Accounts payable	1,877,620	1,857,281
Pension payable	143,893	5,395
Accrued leave payable	75,998	83,896
Total liabilities	174,132,213	164,667,373
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$ 1,967,024,952	$ 1,907,946,452

See accompanying notes.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
ADDITIONS:		
Contributions: (Note 3)		
Members	$ 63,346,835	$ 63,356,650
Employers	79,296,735	75,994,854
Insurance premium tax	15,628,206	15,430,686
Ad valorem taxes	16,626,832	15,946,180
State revenue sharing	424,604	426,126
Total contributions	175,323,212	171,154,496
Investment income: (Note 1)		
Interest income	19,508,982	19,259,844
Dividend income	11,524,279	9,279,527
Net change in fair value of investments	(26,958,570)	297,632,475
Commission recapture	1,497	2,668
	4,076,188	326,174,514
Less investment expense:		
Investment advisory fee	6,961,681	6,695,392
Custodian fee and bank charges	447,383	466,597
	7,409,064	7,161,989
Net investment income	(3,332,876)	319,012,525
Other additions:		
Transfers from other retirement systems	4,910,150	5,722,191
Miscellaneous income	120	82,594
Total other additions	4,910,270	5,804,785
Total additions	176,900,606	495,971,806
DEDUCTIONS:		
Benefits	98,839,632	91,525,060
Refund of contributions	16,630,844	11,122,012
Transfers to other state retirement systems	837,923	1,427,641
Administrative expenses (Page 38)	1,354,123	1,315,040
Depreciation (Notes 1 and 13)	159,584	245,035
Total deductions	117,822,106	105,634,788
NET CHANGE IN PLAN NET ASSETS	59,078,500	390,337,018
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:		
Beginning of year	1,907,946,452	1,517,609,434
END OF YEAR	$ 1,967,024,952	$ 1,907,946,452

See accompanying notes.

The Sheriffs' Pension and Relief Fund (Fund) is a public corporation created in accordance with the provisions of Louisiana Revised Statute 11:2171 to provide retirement, disability and survivor benefits to employees of sheriffs' offices throughout the State of Louisiana, employees of the Louisiana Sheriffs' Association (LSA) and the Sheriffs' Pension and Relief Fund's office.

The Fund is governed by a Board of Trustees composed of 14 elected members and two legislators who serve as ex-officio members, all of whom are voting members consisting of a president, secretary-treasurer, three active, participating sheriffs, and three full-time participating deputy sheriffs, three retired sheriffs and three retired deputy sheriffs participating in the Fund, and the chairman of the Senate Finance and House Retirement Committee serve as ex-officio members. The President may be either an active or retired sheriff, elected by the members of the LSA for a term of two years from the date of taking office. Reelection is permissible. At the annual sheriffs' conference, the general membership of the LSA elects one active sheriff and one retired sheriff to serve three-year staggered terms on the Board. Active and retired deputy sheriff members are elected from their respective ranks to three-year staggered terms. The members of the LSA elect the Secretary-Treasurer annually. All candidates for service on the Board of Trustees must complete legislatively required hours of training prior to becoming a candidate. Office personnel and retained professionals serve as authorized by the Board.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements are prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB).

In addition, these financial statements include the management's discussion and analysis as supplementary information, as required by of GASB Statement Number 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and related standards.

Basis of Accounting:

The Fund's financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Interest and dividend income is recognized when earned. Ad valorem taxes and state revenue sharing monies are recognized in the year appropriated by the legislature. Insurance premium tax income is recorded in the fiscal year for which it is allocated.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Method Used to Value Investments:

Investments are reported at fair value. Fair value of short-term investments approximates cost. Fair value of securities traded on a national or international exchange is calculated using the last reported sales price at current exchange rates. Fair value of mutual funds not traded on a national or international exchange is calculated using the net asset value reported by the mutual funds. Fair value of investments in partnerships is calculated as the Fund's percentage of ownership of the partner's capital reported by the partnership.

Property, Plant and Equipment:

Property, plant and equipment are accounted for and capitalized in the Fund. Depreciation of these assets is recorded as an expense in the Fund. The assets are valued on the basis of historical cost and depreciated using the straight-line method of depreciation as follows:

Asset Class	Estimated Useful Life
Buildings	40 years
Vehicles	5 years
Office furniture and equipment	3-10 years

2. PLAN DESCRIPTION:

The Sheriffs' Pension and Relief Fund, State of Louisiana, is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The Sheriffs' Pension and Relief Fund received a favorable determination from the IRS regarding its status as a qualified plan in August 1995. The determination applied to plan years beginning after December 31, 1988.

The Sheriffs' Pension and Relief Fund, State of Louisiana, provides retirement benefits for employees of sheriffs' offices throughout the State of Louisiana. There are sixty-four contributing sheriff offices, with employees of the Louisiana Sheriffs' Association office and the Fund's staff also contributing. At June 30, 2012 and 2011 statewide retirement membership consists of:

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

2. PLAN DESCRIPTION: (Continued)

	2012	2011
Current retirees and beneficiaries	3,922	3,716
Members, terminated with deferred vested benefits	350	323
Members, terminated, nonvested with contributions remaining on deposit with the fund	5,056	4,743
Fully vested, partially and nonvested active employees covered	14,231	14,754
TOTAL PARTICIPANTS AS OF THE VALUATION DATE	23,559	23,536

Laws that govern the Fund are located in the Louisiana Revised Statutes beginning with 11:2171 et seg. which specifically pertains to the Sheriffs' Pension Fund, and 11:11 et seg. which governs all public retirement systems in Louisiana.

Eligibility Requirements:

Membership in the Fund is required for all eligible sheriffs and deputies. Court criers of specified courts and non-deputized employees may become members. They are eligible immediately upon employment as long as they meet statutory criteria as to age and physical condition. All salaried employees of the Sheriffs' Pension and Relief Fund and the Louisiana Sheriffs' Association who meet certain requirements are also eligible to become members of the Fund. Members are vested after twelve years of service time.

Change in Plan Provisions:

Legislative changes enacted during the fiscal year ended June 30, 2012 are as follows:

a) At such time as the Fund's frozen unfunded accrued liability is fully amortized, the Fund shall be funded on the Aggregate Funding Method.

b) Part-time employees whose monthly salary including state supplemental pay is not less than one thousand dollars, if employed subsequent to December 31, 2012, are eligible for membership in the Fund.

c) Disability benefits were restructured to comply with provisions of the Internal Revenue Code.

d) Surviving spouses may have all or part of the lump-sum Back-DROP benefit paid as an annuity at a rate equal to seventy-five percent of the interest rate available to retirees. Surviving spouses with funds on deposit have until June 30, 2013 to make this one-time irrevocable election. For Back-DROP participants who die on or after July 1, 2012, their surviving spouses shall have ninety days from the date of the retiree's death to make this election.

2. PLAN DESCRIPTION: (Continued)

Change in Plan Provisions: (Continued)

e) Provisions for permanent benefit increases for retirees of the Fund if the funds for such increase are provided as authorized from a credit balance in that Fund's funding deposit account, or the actuary and legislative auditor certify that the funded ratio of the Fund equals or exceeds the target ratio for the Fund, as of the end of the previous fiscal year.

Retirement Benefits:

For members who become eligible for membership before December 31, 2011: Members with twelve years of creditable service may retire at age fifty-five; members with thirty years of service may retire regardless of age. The retirement allowance is equal to three and one-third percent of the member's average final compensation multiplied by his years of creditable service, not to exceed (after reduction for optional payment form) 100% of average final compensation. Active, contributing members with at least ten years of creditable service may retire at age sixty. The accrued normal retirement benefit is reduced actuarially for each month or fraction thereof that retirement begins prior to the member's earliest normal retirement date assuming continuous service.

For members whose first employment making them eligible for membership in the system began on or after January 1, 2012: Members with twelve years of creditable service may retire at age sixty-two; members with twenty years of service may retire at age sixty; members with thirty years of creditable service may retire at age fifty-five. The benefit accrual rate for such members with less than thirty years of service is three percent; for members with thirty or more years of service; the accrual rate is three and one-third percent. The retirement allowance is equal to the benefit accrual rate times the member's average final compensation multiplied by his years of creditable service, not to exceed (after reduction for optional payment form) 100% of average final compensation. Members with twenty or more years of service may retire with a reduced retirement at age fifty.

For a member whose first employment making him eligible for membership in the system began on or before June 30, 2006, final average compensation is based on the average monthly earnings during the highest thirty-six consecutive months or joined months if service was interrupted. The earnings to be considered for each twelve-month period within the thirty-six month period shall not exceed 125% of the preceding twelve month period.

For a member whose first employment making him eligible for membership in the system began after June 30, 2006, final average compensation is based on the average monthly earnings during the highest sixty consecutive months or joined months is service was interrupted.

2. PLAN DESCRIPTION: (Continued)

Cost of Living Increases:

The Board of Trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of between 2% and 3% of their current benefit, (not less than twenty dollars per month). When such a cost of living increase is granted in any fiscal year, no such cost-of-living increase may be granted in the immediately following fiscal year. Members retiring on or after July 1, 2007, who have not attained the age of sixty years, may not receive this cost–of-living increase until they have been retired for three years. Those who have attained the age of sixty years may not receive this cost-of-living increase until they have been retired for one year. Different waiting periods applied to retirements prior to July 1, 2007. In addition, the Board may grant retired members and widows who are sixty-five years of age and older a 2% increase in their original benefit (or the benefit being received on October 1, 1977 if retirement had commenced prior to that date). In order for the Board to grant either of these increases, the Fund must meet certain criteria in the statutes related to funding status and interest earnings. In lieu of these cost of living adjustments, the Board may also grant an increase in the form of "Xx(A+B)" where "X" is any amount up to $1 per month and "A" is equal to the number of years of credited service accrued at retirement or at death of the member or retiree, and "B" is equal to the number of years since retirement or since death of the member or retiree to June thirtieth of the initial year of such increase. The Board may only grant such COLA's in years in which the Fund meets certain funding and investment earnings targets.

Deferred Benefits:

The Fund does provide for deferred benefits for vested members who terminate before being eligible for retirement. Benefits become payable once the member reaches the appropriate age for retirement.

Disability Benefits:

A member is eligible to receive disability benefits if he has at least ten years of creditable service when a non-service related disability is incurred; there are no service requirements for a service related disability. Disability benefits shall be the lesser of 1) a sum equal to the greatest of 45% of final average compensation or the members' accrued retirement benefit at the time of termination of employment due to disability, or 2) the retirement benefit which would be payable assuming continued service to the earliest normal retirement age. Members who become partially disabled receive 75% of the amount payable for total disability.

2. PLAN DESCRIPTION: (Continued)

Survivor Benefits:

Survivor benefits for death solely as a result of injuries received in the line of duty are based on the following. For a spouse alone, a sum equal to 50% of the member's final average compensation with a minimum of $150 per month. If a spouse is entitled to benefits and has a child or children under eighteen years of age (or over said age if physically or mentally incapacitated and dependent upon the member at the time of his death), an additional sum of 15% of the member's final average compensation is paid to each child with total benefits paid to spouse and children not to exceed 100%. If a member dies with no surviving spouse, surviving children under age eighteen will receive monthly benefits of 15% of the member's final average compensation up to a maximum of 60% of final average compensation if there are more than four children. If a member is eligible for normal retirement at the time of death, the surviving spouse receives an automatic option 2 benefit. The additional benefit payable to children shall be the same as those available for members who die in the line of duty. In lieu of receiving option 2 benefit, the surviving spouse may receive a refund of the member's accumulated contributions. All benefits payable to surviving children shall be extended through age twenty-two, if the child is a full time student in good standing enrolled at a board approved or accredited school, college, or university.

Contribution Refunds:

Upon withdrawal from service, members not entitled to a retirement allowance who have remained out of service for a period of thirty days are paid a refund of accumulated contributions upon request. Receipt of such a refund cancels all accrued benefits in the system.

Back Deferred Retirement Option Plan (Back-DROP):

In lieu of receiving a service retirement allowance, any member of the Fund who has more than sufficient service for a regular service retirement may elect to receive a "Back-DROP" benefit. The Back-DROP benefit is based upon the Back-DROP period selected and the final average compensation prior to the period selected. The Back-DROP period is the lesser of three years or the service accrued between the time a member first becomes eligible for retirement and his actual date of retirement. For those individuals with thirty or more years, the Back-DROP period is the lesser of four years or service accrued between the time a member first becomes eligible for retirement and his actual date of retirement. At retirement the member's maximum monthly retirement benefit is based upon his service, final average compensation and plan provisions in effect on the last day of creditable service immediately prior to the commencement of the Back-DROP period. In addition to the monthly benefit at retirement, the member receives a lump-sum payment equal to the maximum monthly benefit as calculated above multiplied by the number of months in the Back-DROP period. In addition, the member's Back-DROP account will be credited with employee contributions received by the retirement fund during the Back-DROP period. The member's DROP and Back-DROP balances left on deposit are managed by a third party, fixed income investment manager, see Note 8. Participants have the option to opt out of this program and take a distribution, if eligible, or to rollover the assets to another qualified plan.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

3. CONTRIBUTIONS AND RESERVES:

Contributions:

Contributions for all members were established by the Board of Trustees for the years ended June 30, 2012 and 2011. The employee contribution rate cannot be less than 9.8% or more than 10.25% of earnable compensation. The employee contribution rate is for the years ended June 30, 2012 and 2011 is 10% of payroll. Contributions are deducted from the member's salary and remitted monthly by the participating parish.

Gross employer contributions are determined by actuarial valuation and are subject to change each year in accordance with R.S. 11:103. For the year ended June 30, 2012, the employers contributed 12.5% of members' salaries with an additional 1.25% allocated from the Funding Deposit Account. For the year ended June 30, 2011, the employers contributed 12% of members' salaries with an additional .75% allocated from the Funding Deposit Account. Also, the Fund annually receives revenue sharing funds, 0.5% of the aggregate amount of the ad valorem tax shown to be collected by the tax roll of each respective parish, and additional funds as indicated by valuation and apportioned by the Public Employees' Retirement Systems' Actuarial Committee from available insurance premium taxes described in RS 22:1419.

Administrative costs of the Fund are financed through employer contributions.

Reserves:

Use of the term "reserve" by the Fund indicates that a portion of the fund balances is legally restricted for a specific future use. The nature and purpose of these reserves are explained below:

A) Annuity Savings:

The Annuity Savings is credited with contributions made by members of the Fund. When a member terminates his service or upon his death before qualifying for a benefit, the refund of his contributions is made from this reserve. If a member dies and there is a survivor eligible for a benefit, the member's accumulated contributions are transferred from the Annuity Savings to the Annuity Reserve. When a member retires, his accumulated contributions are transferred to Annuity Reserve to provide part of the benefits. The Annuity Savings balance as of June 30, 2012 and 2011 is $480,328,643 and $449,910,149, respectively. The Annuity Savings was fully funded at June 30, 2012 and 2011.

B) Pension Accumulation Reserve:

The Pension Accumulation Reserve consists of contributions paid by employers, interest earned on investments and any other income not included in other accounts. This reserve account is charged annually with an amount, determined by the actuary, to be transferred to the Annuity Reserve to fund retirement benefits for existing recipients. It is also relieved when expenditures are not covered by other accounts. Also included within this reserve is a funding deposit account created by Act 247 of the 2009 Legislative Session. It consists of

3. CONTRIBUTIONS AND RESERVES: (Continued)

Reserves: (Continued)

B) Pension Accumulation Reserve: (Continued)

surplus funds collected to be credited to the account for any fiscal year ending on or after December 31, 2008, in which the Board of Trustees elects to set the direct employer contribution rate higher than the minimum recommended rate. The funds will earn interest at the board-approved actuarial valuation rate, and the interest will be credited once a year. The balance in the funding deposit account that is included in the Pension Accumulation Fund as of June 30, 2012 and 2011 was $6,448,956 and $13,680,020, respectively. The Board may direct the funds for the following purposes: (1) to reduce the unfunded accrued liability, (2) to reduce the present value of future normal costs, (3) to pay all or a portion of any future net direct employer contributions. The Pension Accumulation Reserve at June 30, 2012 and 2011 is $738,743,863 and $738,853,947, respectively. The Pension Accumulation Reserve is 81% and 88% funded at June 30, 2012 and 2011, respectively.

C) Annuity Reserve:

The Annuity Reserve is the reserve for all pensions, excluding cost-of-living increases, granted to retired members and is the reserve from which such pensions and annuities are paid. Survivors of deceased beneficiaries also receive benefits from this reserve account. The Annuity Reserve as of June 30, 2012 and 2011 is $878,491,005 and $804,377,182, respectively. The Annuity Reserve is fully funded at June 30, 2012 and 2011, respectively.

D) Deferred Retirement Option Account:

The Deferred Retirement Option account consists of the reserves for all members who upon retirement eligibility elect to deposit into this account an amount equal to the member's monthly benefit if he had retired. Members participate in the program for up to three or four years, and upon termination receive benefits in a lump sum payment or annuity. The deferred retirement option account as of June 30, 2012 and 2011 is $11,402,808 and $10,865,127, respectively. The Deferred Retirement Option account is fully funded at June 30, 2012 and 2011, respectively.

4. ACTUARIAL COST METHOD:

The Frozen Attained Age Normal Cost Method was used to calculate the funding requirements of the Fund. Funding of pension plans under this method consists of two components. The first of these components is the Employer Normal Cost of the plan. In addition, amortization payments on the Fund's unfunded liability must be made. The actuarial present value of future normal cost is called the actuarial accrued liability. The provisions of Louisiana R.S. 11:103 require that the unfunded accrued liability be amortized over a forty-year period beginning on July 1, 1989 with payments increasing at 3.5% per year.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

5. FUNDED STATUS AND FUNDING PROGRAM:

The funded status of the plan as of June 30, 2012, the most recent actuarial valuation date, is as follows:

Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Frozen Attained Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
$ 2,042,809,526	$ 2,108,966,319	$ 66,156,793	96.86%	$ 611,139,881	10.83%

The schedules of funding progress presented as required supplementary information (RSI) on page 41 following the notes to financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability (AAL).

The information presented in the Schedule of Contributions - Employer and Other and the Schedule of Funding Progress was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2012
Actuarial Cost Method	Frozen Attained Age Normal Actuarial Cost Method.
Amortization Method	In accordance with state statute, the payment amounts increase at 3.5% each year for the remaining amortization period. The amortization period is for a specific number of years. (Closed Basis)
Remaining Amortization Period	17 years
Actuarial Asset Values:	
Bonds and Equities	The actuarial value of assets is based on the market value of assets adjusted to phase in asset earnings above or below the assumed rate of return over a five-year period with limits set at 85% and 115% of the market value of assets. When the adjusted value falls outside of the limits, the actuarial value is set equal to the average of the limited and adjusted value.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

5. FUNDED STATUS AND FUNDING PROGRAM: (Continued)

Actuarial Assumptions:

Investment Rate of Return	7.9%
Projected Salary Increases	6% (3.25% Inflation, 2.75% Merit)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

Changes in Valuation Methods and Assumptions

1) The valuation interest rate was lowered from 8% to 7.9% beginning June 30, 2012.
2) Members eligible for Back-DROP are assumed to elect benefits which have a present value of 1/2% less than the maximum possible present value based on a comparison to available Back-DROP benefits and regular retirement benefits. Prior to the June 30, 2012 valuation, members eligible for Back-Drop were assumed to elect the benefit with the greatest present value.

In accordance with GASB 25, information in the Required Supplementary Schedules is designed to provide information about the Fund's progress made in accumulating sufficient assets to pay benefits and is presented on page 41.

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Following are the components of the Fund's deposits, cash equivalents and investments at June 30, 2012 and 2011.

	2012	2011
Deposits (bank balance)	$ 12,967,594	$ 8,600,742
Cash equivalents	115,784,308	101,961,821
Investments	1,901,217,878	1,906,653,397
	$ 2,029,969,780	$ 2,017,215,960

Deposits:

At June 30, 2012, $8,255,782 of the Fund’s bank deposits were insured or collateralized with securities held by the Federal Reserve Bank in the Fund's name and $4,711,812 of the Fund’s bank deposits were uninsured and uncollateralized. On July 1, 2012, the pledged securities were increased and the bank deposits were then entirely insured or collateralized with securities held by the Federal Reserve Bank. At June 30, 2011, the Fund's bank deposits were fully insured or collateralized with securities held by the Federal Reserve Bank in the Fund's name.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Cash Equivalents:

At June 30, 2012 and 2011, cash equivalents in the amount of $106,412,160 and $92,103,628, respectively, consisted of government backed pooled funds. These funds are held by a sub-custodian, are managed by separate money managers and are in the name of the Fund's custodian's trust department. At June 30, 2012 and 2011, cash equivalents also included amounts invested in the Louisiana Asset Management Pool totaling $9,372,148 and $9,858,193, respectively. (See Note 8)

Investments:

Statutes authorize the Fund to invest under the Prudent-Man Rule. Pursuant to Louisiana Revised Statute 11:263, the Prudent-Man rule requires each fiduciary of a retirement system and each board of trustees acting collectively on behalf of each system to act with the care, skill, prudence and diligence under the circumstances prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Notwithstanding the Prudent-Man Rule, the Fund shall not invest more than sixty-five percent of the total portfolio in equity investments.

Concentration of Credit Risk:

Concentration of credit risk is the risk of loss attributed to a lack of diversification. The Fund's investment policy establishes concentration limits for certain types of investments as a means of managing risk. Following is a summary of certain limits included in the Fund's policy:

a) Short-term investments may not exceed 5% of each manager's assigned portfolio allocation without Board approval.

b) Maximum single stock ownership shall not exceed 7% and 5%, respectively, of each manager's portfolio for domestic and international equities.

c) Maximum single bond ownership shall not exceed 5% of each manager's portfolio, excluding securities issued or guaranteed by the U. S. Government, its Agencies, or Government Sponsored Enterprises or securities or loans collateralized by such investments.

d) Mortgages, as a percentage of each advisor's fixed income portfolio at market value, shall not be more than 10% greater than the mortgage sector's current percent of the Barclay's Aggregate index. Collateralized mortgage obligations shall not exceed 15% of each advisor's fixed income portfolio at market value.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
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6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Concentration of Credit Risk: (Continued)

At June 30, 2012 and 2011, there were no investments in any one organization which represented 5% of total investments.

Credit Risk:

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Following are the credit ratings of the Fund's investments in long-term debt securities as of June 30, 2012.

Average Quality Rating	2012 Corporate Bonds	Mortgage Backed/ Collateralized Mortgage Obligations	U.S. Government	Other	Total
AAA	$ 3,829,981	$ 17,377,477	$ 256,003,743	$ 5,567,556	$ 282,778,757
AA	4,062,395	2,888,024	9,066,566	2,889,883	18,906,868
A	20,704,749	995,008	16,724,664	10,536,891	48,961,312
BAA	75,671,899	152,562	12,179,607	8,952,628	96,956,696
BA	10,912,888	534,599	2,718,017	241,864	14,407,368
B	9,279,540	2,706,586	295,900	335,852	12,617,878
CAA	-	1,131,135	285,000	-	1,416,135
CA	-	251,786	-	-	251,786
C	-	-	525,010	-	525,010
Not Rated	312,344	3,140,661	118,632,355	3,097,144	125,182,504
	$ 124,773,796	$ 29,177,838	$ 416,430,862	$ 31,621,818	$ 602,004,314

Following are the credit ratings of the Fund's investments in long-term debt securities as of June 30, 2011.

Average Quality Rating	2011 Corporate Bonds	Mortgage Backed/ Collateralized Mortgage Obligations	U.S. Government	Other	Total
AAA	$ 3,625,552	$ 9,702,854	$ 13,074,129	$ 634,797	$ 27,037,332
AA	9,966,055	686,813	9,517,330	3,727,951	23,898,149
A	25,198,800	1,503,183	12,707,490	4,032,106	43,441,579
BAA	50,937,818	430,623	11,372,748	8,541,698	71,282,887
BA	12,106,203	1,543,619	1,930,681	234,850	15,815,353
B	9,526,595	2,582,915	605,562	-	12,715,072
CAA	-	1,249,053	290,814	-	1,539,867
CA	-	349,907	-	-	349,907
C	-	-	511,765	-	511,765
Not Rated	6,044,929	20,186,603	313,283,623	4,711,865	344,227,020
	$ 117,405,952	$ 38,235,570	$ 363,294,142	$ 21,883,267	$ 540,818,931

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
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6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Credit Risk: (Continued)

All security types included in the benchmark (Barclays Aggregate Bond Index) are candidates for purchase and placement in the bond portfolio. Bond portfolios must have a minimum average quality rating of A. Securities must be rated Baa3/BBB- by at least two of the major rating agencies at the time of the purchase. Any security that falls below Baa3/BBB- rating by any of the major rating agencies must be sold within 90 days of the downgrade announcement. The investment manager must contact the consultant and/or investment committee for approval should they wish to hold the security beyond 90 days.

Derivatives are limited to the use of U.S. Treasury bond futures, primarily for the purpose of adjusting fixed income duration. The use of futures shall not cause asset class policy ranges to be exceeded, or cause the total fund to be leveraged. The net notional principal amounts outstanding of all derivative investments, expressed in terms of the value of the underlying position, shall not exceed 15% of the market value of the Fund. All derivatives positions must be incorporated into the overall portfolio market values and risk measures.

Custodial Credit Risk:

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Fund is not exposed to custodial credit risk at June 30, 2012 and 2011 for investments and cash equivalents in the amount of $1,994,452,216 and $1,931,082,722, respectively, since the investments and cash equivalents are held in the name of the Fund. At June 30, 2012 and 2011, collateral held under securities lending in the amount of $22,549,970 and $77,532,496, respectively, and non-cash collateral received under the securities lending program in the amount of $88,897,236 and $2,340,270, respectively, is exposed to custodial credit risk since these investments are not held in the name of the Fund. These securities are held in the name of a counterparty or counterparty's trust department or agent.

Foreign Currency Risk:

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment. The Fund's exposure to foreign currency risk is limited to its investment in foreign marketable securities at June 30, 2012 and 2011 as follows:

	Fair Value	
Currency	2012	2011
Australian dollar	$ 3,281,248	$ 1,131,702
Brazil real	302,458	-
British pound sterling	5,125,106	8,713,005
Canadian dollar	8,314	-
Danish krone	611,240	552,752
European euro	15,737,181	16,686,672
Hong Kong dollar	259,631	894,816

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
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JUNE 30, 2012 AND 2011

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Foreign Currency Risk: (Continued)

Currency	Fair Value 2012	Fair Value 2011
Israeli shekel	$ -	$ 569,528
Japanese yen	6,822,884	8,205,467
New Zealand dollar	33,214	32,418
Norwegian krone	331,315	419,436
Singapore dollar	192,407	133,838
Swedish krona	1,563,956	615,388
Swiss franc	1,729,211	3,793,863
South African rand	1	1
	$ 35,998,166	$ 41,748,886

Interest Rate Risk:

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. At June 30, 2012 and 2011, the Fund had the following investments in long-term debt securities and maturities:

2012					
Investment Type	Fair Value	Less Than 1	1 – 5	6 – 10	Greater Than 10
U.S. Government and Government agency obligations	$ 416,430,862	$ 88,157,636	$ 76,104,494	$ 63,525,069	$ 188,643,663
Other Bonds:					
Corporate bonds	124,773,796	8,650,431	35,977,400	56,463,286	23,682,679
Mortgage-backed securities and collateralized mortgage obligations	29,177,838	5,106,872	283,230	1,277,383	22,510,353
Other	31,621,818	3,186,497	8,577,801	14,940,463	4,917,057
	$ 602,004,314	$ 105,101,436	$ 120,942,925	$ 136,206,201	$ 239,753,752
Collateral held under Securities Lending Program	$ 22,549,970	$ 22,549,970	$ -	$ -	$ -

2011					
Investment Type	Fair Value	Less Than 1	1 – 5	6 – 10	Greater Than 10
U.S. Government and Government agency obligations	$ 363,294,142	$ 55,206,212	$ 76,651,663	$ 55,515,469	$ 175,920,798
Other Bonds:					
Corporate bonds	117,405,952	4,660,948	29,588,005	60,369,559	22,787,440
Mortgage-backed securities and collateralized mortgage obligations	38,235,570	--	458,852	2,989,132	34,787,586
Other	21,883,267	1,382,665	5,962,300	8,161,774	6,376,528
	$ 540,818,931	$ 61,249,825	$ 112,660,820	$ 127,035,934	$ 239,872,352
Collateral held under Securities Lending Program	$ 77,532,496	$ 77,532,496	$ -	$ -	$ -

6. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Interest Rate Risk: (Continued)

The Fund invests in collateralized mortgage obligations. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates.

7. SECURITY LENDING AGREEMENT:

State statutes and board of trustee policies authorize the Fund to invest under the Prudent-Man Rule. Under the Prudent-Man Rule, the Fund is allowed to lend its securities to broker - dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Fund enters into a contract with a company, which acts as their third-party securities lending agent. The lending agent has access to the Fund's lendable portfolio or available assets. The agent lends available assets such as U.S. Treasury, government-guaranteed and corporate fixed income securities, and equities. The lending agent has discretion over the selection of borrowers and continually reviews credit worthiness of potential borrowers through adequate analysis of all material provided to them; however, the Fund may restrict borrowers. All loans are fully collateralized with cash, government securities, or irrevocable letters of credit. Collateralization of loans will be 102% of the market value of the loaned securities plus accrued income. As a result of the required collateralization percentage, the Fund has no credit risk. The lending agent and the Fund enter into contracts with all approved borrowers. In the case of security loans in which the collateral received by the Fund is cash, the value of the amount invested is reported as an asset with a corresponding liability for the value of the collateral. When the Fund receives collateral other than cash, it may not reinvest the collateral. When this occurs, the Fund does not record the collateral on the financial statements. In both cases, the loaned securities continue to be reported as an asset on the Statement of Plan Net Assets and in Note 6. In the case of any loans collateralized by cash, the lending agent will invest the cash collateral (in the name of the Fund) in approved investments outlined in the contract between the agent and the Fund. Acceptable collateral from approved borrowers for repurchase agreements (including tri-party) is all direct U.S. Treasury obligations, mortgage and asset-backed securities rated AA or higher, commercial paper, and other investments stipulated in lender agent contract.

The market value (carrying value) of the securities on loan by the Fund is as follows:

	June 30, 2012	June 30, 2011
U. S. Government Securities	$ 82,338,902	$ 42,278,436
Corporate Bonds	10,387,293	7,039,247
Marketable Securities	16,746,277	28,930,213
	$ 109,472,472	$ 78,247,896

7. SECURITY LENDING AGREEMENT: (Continued)

The contracts with the lending agent require the lending agent to indemnify the Fund from any and all claims, actions, demands or lawsuits of any kind whatsoever resulting from the lending agent's gross negligence or willful misconduct in its administration of the program and to replace loaned securities not returned to the Fund for any reason.

The term to maturity of the securities loaned is matched with the term to maturity of the investment of the cash collateral by investing only in repurchase agreements with maturities of one to two days.

The information was not available to compute the gross amount of interest income earned and interest expense incurred from security lending transactions. The net amount of income received from the transactions is recorded in the financial statements in investment income.

8. LOUISIANA ASSET MANAGEMENT POOL:

Investments held at June 30, 2012 and 2011 include $9,372,148 and $9,858,193, respectively, in the Louisiana Asset Management Pool (LAMP), a local government investment pool.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

Credit risk: LAMP is rated AAAm by Standard and Poor's.

Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

8. LOUISIANA ASSET MANAGEMENT POOL: (Continued)

Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk: The weighted average maturity of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Foreign currency risk: Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

9. EMPLOYEES DEFERRED COMPENSATION PLAN:

The Sheriffs' Pension and Relief Fund offers its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseen emergency. The Board of Trustees has authorized matching contributions to be made to the plan by the Fund on behalf of the employees. The contributions for the years ended June 30, 2012 and 2011 totaled $27,869 and $35,386, respectively.

All assets and income are held in a custodial trust account for the exclusive benefit of the participants and their beneficiaries.

10. ANNUAL AND SICK LEAVE:

Employees' leave is accrued at rates of 12 to 20 days per year depending upon length of service. Upon separation employees are compensated for accumulated annual leave, up to a maximum of 60 days. Employees are not compensated for accumulated sick leave upon termination.

The liability for annual leave accrued at June 30, 2012 and 2011 is $75,998 and $83,896, respectively.

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11. OPERATING BUDGET:

The budget is under the control of the Board of Trustees and is not an appropriated budget but is considered a budgetary execution for management purposes.

12. USE OF ESTIMATES:

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

13. PROPERTY AND EQUIPMENT:

A summary of changes in property and equipment follows:

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012
Land and building	$ 2,820,021	$ -	$ -	$ 2,820,021
Vehicles	31,085	-	-	31,085
Office furniture and equipment	902,567	31,591	5,456	928,702
Total	$ 3,753,673	$ 31,591	$ 5,456	$ 3,779,808

Depreciation expense for the years ended June 30, 2012 and 2011 totaled $159,584 and $245,035, respectively.

14. OTHER RECEIVABLES AND PREPAIDS:

The following is a schedule of other receivables and prepaids at June 30, 2012 and 2011:

	2012	2011
Other receivables:		
Pension	$ 18,428	$ 16,136
Taxes	856,850	828,202
Other	175,448	233,122
Total other receivables	1,050,726	1,077,460
Prepaid expenses	9,905	13,713
Total	$ 1,060,631	$ 1,091,173

14. OTHER RECEIVABLES AND PREPAIDS: (Continued)

Pension receivable represents amounts that were determined to have been paid for benefits that were not due to the recipient. Amounts due are generally established through legal judgments. Taxes receivable represent ad valorem and revenue sharing taxes due from parishes.

15. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS:

In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The basic premise of the statement is that Other Postemployment Benefits (OPEB) are earned by employees and should be recognized by the employer as the employee provides services. GASB 45 requires employers to account for and report the annual cost of OPEB and the outstanding obligations and commitments related to them in the same manner as they currently do for pensions. All of the Fund’s retired employees continue their life insurance and continue to receive health insurance benefits at various percentages of the Fund’s cost.

Substantially all of the Fund’s employees become eligible for postemployment health care, life insurance and dental benefits if they reach normal retirement age while working for the Fund. These benefits for retirees and similar benefits for active employees are provided through the Louisiana Sheriffs Association whose premiums are paid jointly by the employee and the Fund. At June 30, 2012 and 2011, five retirees were receiving postemployment benefits.

Plan Description

The Plan is required to comply with House Bill 253, Act 314 of 1999 which provides that the premium costs of group hospital, surgical, medical expenses, and dental insurance and the first $10,000 of life insurance contracted under the provisions of the bill shall be paid in full from the sheriffs’ general fund for all sheriffs and deputy sheriffs retired with a minimum of fifteen years service and fifty-five years of age. The Fund’s employees may participate in the Louisiana Sheriffs’ Association employee benefit plan, an agent multi-employer plan, which provides welfare and dental benefits. The insurance advisory committee of the Louisiana Sheriffs’ Association is the plan administrator. The participating sheriffs and participants make the necessary contributions to fund the Plan. Plan assets are held under the Louisiana Sheriffs’ Association Group Benefits Trust. The Louisiana Sheriffs’ Association did not have an actuarial valuation prepared for the Plan as of June 30, 2012 and 2011. Benefits are paid from the trust fund. The Plan’s fiscal year ends on June 30th of each year.

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15. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS: (Continued)

Funding Policy

The Plan is currently financed on a pay as you go basis. The Fund contributed $317 per month for retiree-only coverage with Medicare or $465 per month for retiree-only coverage without Medicare during the year ended June 30, 2012. The Fund's contribution is $557 per month for retiree and spouse with Medicare or $850 per month for retiree and spouse without Medicare.

The Fund contributed $276 per month for retiree-only coverage with Medicare or $404 per month for retiree-only coverage without Medicare during the year ended June 30, 2011. The Fund's contribution is $484 per month for retiree and spouse with Medicare or $739 per month for retiree and spouse without Medicare.

For the years ended June 30, 2012 and 2011, the Plan also provided dental coverage with the Fund contributing $16 per month for an employee only and up to $42 per month for an employee and family members.

Annual OPEB Cost

The Fund's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The entry age actuarial cost method and the level percentage of payroll amortization method, open period, was used to calculate the ARC. The total ARC for the fiscal years ending June 30, 2012 and 2011 is $51,085 and $53,897, respectively, as set forth below:

	2012	2011
Normal Cost	$ 21,511	$ 25,180
30-year UAL amortization amount	29,574	28,717
Annual required contribution (ARC)	$ 51,085	$ 53,897

The following table presents the Fund's OPEB obligation for the years ended June 30, 2012 and 2011:

	2012	2011
Beginning Net OPEB Obligation July 1	$ 98,742	$ 66,566
Annual required contribution	51,085	53,897
Interest on net OPEB obligation	6,912	4,660
Adjustment to ARC	(3,795)	(2,558)
OPEB cost	54,202	55,999
Age Adjusted Contributions made	(30,128)	(23,823)
Change in Net OPEB Obligation	24,074	32,176
Ending Net OPEB Obligation June 30	$ 122,816	$ 98,742

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15. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS: (Continued)

The following table shows the Fund's annual other postemployment benefits (OPEB) cost, percentage of the cost contributed utilizing the pay-as-you-go method, and the net unfunded other postemployment benefits (OPEB) liability:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	$ 54,202	55.6%	$ 122,816
June 30, 2011	55,999	42.5	98,742
June 30, 2010	56,479	37.5	66,566

Funded Status and Funding Progress

Other than credited age adjusted contributions, the Fund made no contributions to its postemployment benefits plan. The Plan was not funded at all, has no assets, and hence has a funded ratio of zero. Since the Plan was not funded, the entire actuarial accrued liability of $726,015 and $704,993 at June 30, 2012 and 2011, respectively, was unfunded.

The funded status of the Plan as of June 30, 2012 and 2011 valuation, was as follows:

	2012	2011
Actuarial accrued liability (AAL)	$ 726,015	$ 704,993
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability (UAAL)	$ 726,015	$ 704,993
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll (annual payroll of active employees covered by the plan)	$ 642,629	$ 657,529
UAAL as a percentage of covered payroll	112.98%	107.22%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

15. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS: (Continued)

Actuarial Methods and Assumptions (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

Since the Sheriffs' Pension and Relief Fund has fewer than 100 Plan members, it qualified to use the Alternative Measurement Method (AMM), which is the calculation of the actuarial accrued liability and annual contribution without a traditional actuarial valuation. The AMM calculation process is similar to an actuarial valuation, but with simplifications of several assumptions permitted under GASB guidelines.

The following key assumptions were used in the AMM valuation dated June 30, 2012 and 2011:

Description	Assumption Used
Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll
Amortization Period	30 years
Employer Asset Return	7.0%
Discount Rate	7.0%
Projected Salary Increases	6.0%
Average Retirement Age	67
Mortality Table	RP2000 Mortality Table for Males and Females projected 10 years
Turnover Assumptions	Standard Turnover Assumptions GASB 45 Paragraph 35b
Health Care Cost Trends:	
Health and Pharmacy	9%
Dental	4%
Vision	3%

In accordance with GASB 45, information in the Required Supplementary Schedule on page 42 is designed to provide historical information related to the postemployment healthcare and life insurance benefits provided.

SHERIFFS' PENSION AND RELIEF FUND
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16. FUNDS OF FUNDS:

During the years ended June 30, 2012 and 2011, the Fund had investments in funds of funds as follows:

a) Pinehurst Institutional Ltd. – the company was formed as a feeder fund that invests in an affiliated master fund. The primary objective of the company is to engage in the business of trading financial instruments. At June 30, 2012 and 2011, the Fund had investments of $42,042,953 and $41,198,551, respectively, in the company.

b) Russell Emerging Markets Fund – this is an investment fund within the Russell Trust Company's Comingled Employee Benefit Funds Trusts. It was developed to invest in emerging equity markets worldwide. At June 30, 2012 and 2011, the Fund had investments of $31,123,910 and $36,136,602, respectively, in the company.

c) Russell Commodies Fund – this is an investment fund within the Russell Trust Company's Comingled Employee Benefit Funds Trusts. It was developed to provide exposure to commodities markets. At June 30, 2012 and 2011, the Fund had investments of $34,767,503 and $-0-, respectively, in the company.

17. INVESTMENTS IN PARTNERSHIPS:

During the years ended June 30, 2012 and 2011, the Fund had investments in partnerships as follows:

a) Blackstone Park Avenue Non-Taxable Fund L.P. – The partnership was organized for the primary purpose of developing and actively managing an investment portfolio of non-traditional portfolio managers by investing substantially all of its assets through a master-feeder structure. At June 30, 2012 and 2011, the Fund had investments of $11,200,628 and $10,963,103, respectively in the partnership.

b) BPIF Non-Taxable L.P. – The partnership was organized for the primary purpose of developing and actively managing an investment portfolio of non-traditional portfolio managers by investing substantially all of its assets through a master-feeder structure. At June 30, 2012 and 2011, the Fund had investments of $23,928,663 and $24,090,781, respectively in the partnership.

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SUPPLEMENTARY INFORMATION
STATEMENTS OF CHANGES IN RESERVE BALANCES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	JUNE 30, 2012				
	ANNUITY RESERVE	ANNUITY SAVINGS	PENSION ACCUMULATION RESERVE	DEFERRED RETIREMENT OPTION PLAN (DROP)	UNFUNDED ACTUARIAL LIABILITY
BALANCES - BEGINNING OF YEAR	$ 804,377,182	$ 449,910,149	$ 738,853,947	$ 10,865,127	$ (96,059,953)
REVENUES INVESTMENTS INCOME AND TRANSFERS:					
Contributions	-	63,346,835	111,976,377	-	-
Net income (loss) from investments	-	-	(3,345,203)	12,327	-
Miscellaneous income	-	-	120	-	-
Annuities derived from accumulated savings and DROP	18,562,389	-	-	-	-
Contributions for purchased or transferred services	-	901,458	4,008,692	-	-
DROP other changes, net	-	-	-	-	-
Transfer of post-DROP contributions	-	-	-	1,616,148	-
Transfer of DROP recinds	-	43,761	276,354	-	-
DROP pensions accumulated from Annuity Reserve	-	-	-	11,558,148	-
Actuarial transfer	156,556,208	-	-	-	-
Total revenues investment income and transfers	175,118,597	64,292,054	112,916,340	13,186,623	-
EXPENSES AND TRANSFERS:					
Retirement allowances paid during the period	89,446,626	-	-	-	-
Transfer to Annuity Reserve	-	15,626,568	-	2,935,821	-
Transfer of post-DROP contributions	-	1,616,148	-	-	-
Transfer of DROP recinds	-	-	-	320,115	
Refunds to members	-	16,630,844	-	-	-
Administrative expenses and depreciation	-	-	1,513,707	-	-
DROP other changes, net	-	-	-	-	-
Funds transferred to other systems	-	-	837,923	-	-
Pensions paid into DROP	11,558,148	-	-	-	-
Pensions paid out of DROP	-	-	-	9,393,006	-
Actuarial transfer	-	-	110,674,794	-	45,881,414
Total expenses and transfers	101,004,774	33,873,560	113,026,424	12,648,942	45,881,414
Net change	74,113,823	30,418,494	(110,084)	537,681	(45,881,414)
BALANCES - END OF YEAR	$ 878,491,005	$ 480,328,643	$ 738,743,863	$ 11,402,808	$ (141,941,367)

	JUNE 30, 2011					
TOTAL	ANNUITY RESERVE	ANNUITY SAVINGS	PENSION ACCUMULATION RESERVE	DEFERRED RETIREMENT OPTION PLAN (DROP)	UNFUNDED ACTUARIAL LIABILITY	TOTAL
$ 1,907,946,452	$ 733,753,782	$ 412,818,052	$ 687,371,598	$ 10,549,569	$ (326,883,567)	$ 1,517,609,434
175,323,212	-	63,356,650	107,797,846	-	-	171,154,496
(3,332,876)	-	-	318,995,512	17,013	-	319,012,525
120	-	-	82,594	-	-	82,594
18,562,389	16,305,749	-	-	-	-	16,305,749
4,910,150	-	1,163,208	4,558,983	-	-	5,722,191
-	-	-	-	368,503	-	368,503
1,616,148	-	-	-	-	-	-
320,115	-	-	-	-	-	-
11,558,148	-	-	-	10,732,262	-	10,732,262
156,556,208	146,141,256	-	-	-	230,823,614	376,964,870
365,513,614	162,447,005	64,519,858	431,434,935	11,117,778	230,823,614	900,343,190
89,446,626	80,722,840	-	-	-	-	80,722,840
18,562,389	-	16,305,749	-	-	-	16,305,749
1,616,148	-	-	-	-	-	-
320,115	-	-	-	-	-	-
16,630,844	-	11,122,012	-	-	-	11,122,012
1,513,707	-	-	1,560,075	-	-	1,560,075
-	368,503	-	-	-	-	368,503
837,923	-	-	1,427,641	-	-	1,427,641
11,558,148	10,732,262	-	-	-	-	10,732,262
9,393,006	-	-	-	10,802,220	-	10,802,220
156,556,208	-	-	376,964,870	-	-	376,964,870
306,435,114	91,823,605	27,427,761	379,952,586	10,802,220	-	510,006,172
59,078,500	70,623,400	37,092,097	51,482,349	315,558	230,823,614	390,337,018
$ 1,967,024,952	$ 804,377,182	$ 449,910,149	$ 738,853,947	$ 10,865,127	$ (96,059,953)	$ 1,907,946,452

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SUPPLEMENTARY INFORMATION
SCHEDULES OF ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
Building maintenance	$ 8,306	$ 8,051
Computer services	41,205	32,429
Equipment maintenance	29,867	20,067
Equipment rental	4,380	4,710
Group medical and bond insurance	139,129	112,418
Janitorial, garage, yard	21,550	21,082
Leases - office equipment	9,291	11,855
Medical fees - members	3,376	7,808
Members education	5,724	3,222
Miscellaneous	2,853	-
Office supplies and expense	85,085	64,932
Payroll taxes	13,017	9,812
Professional development	2,269	2,015
Professional retainers and legal fees	184,911	234,311
Salaries and related cost	713,249	680,434
Security	5,321	5,208
Telephone and telegraph	15,079	16,499
Travel - Board and Committee meeting expenses	15,199	15,439
Travel - LSA conference	14,590	28,350
Travel - Trustee educational	9,054	5,400
Utilities	30,668	30,998
Total administrative expenses	$ 1,354,123	$ 1,315,040

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
PER DIEM AND TRAVEL EXPENSES PAID TO BOARD OF TRUSTEES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012			2011		
	Per Diem	Travel Reimbursement	Total	Per Diem	Travel Reimbursement	Total
Wayne F. McElveen	$ 1,125	$ 1,744	$ 2,869	$ 1,050	$ 1,331	$ 2,381
J.R. Oakes	150	603	753	150	551	701
Graham Hendericks	525	1,067	1,592	1,050	1,210	2,260
Calvin McFerrin	-	1,104	1,104	-	2,539	2,539
Laura Endsley	675	1,623	2,298	225	580	805
William E. Hilton	750	1,378	2,128	600	716	1,316
Totals	$ 3,225	$ 7,519	$ 10,744	$ 3,075	$ 6,927	$ 10,002

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - EMPLOYER AND OTHER SOURCES
JUNE 30, 2007 THROUGH 2012

Fiscal Year	Actuarial Required Contributions Employer	Actuarial Required Contributions Other Sources	Percent Contributed Employer	Percent Contributed Other Sources
2007	$ 40,212,803	$ 24,222,127	131.00 %	100.16 %
2008	38,271,238	26,521,286	154.45	104.02
2009	49,376,428	29,074,911	130.06	102.16
2010	74,606,879	31,433,066	90.82	97.46
2011	84,285,855	31,652,175	90.16	100.48
2012	88,296,214	32,073,791	89.81	101.89

Note:

Effective in the 2009 fiscal year, the Board of Trustees set the direct employer contribution rate higher than the minimum recommended rate. This resulted in excess contributions designated to a funding deposit account totaling $6,448,956 and $13,680,020 as of June 30, 2012 and 2011, respectively.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - PENSION PLAN
JUNE 30, 2007 THROUGH 2012

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2007	$ 1,468,646,528	$ 1,564,897,616	$ 96,251,088	93.85 %	$ 481,418,484	20.00 %
June 30, 2008	1,628,303,910	1,702,582,378	74,278,468	95.64	537,082,456	13.83
June 30, 2009	1,608,228,363	1,681,075,062	72,846,699	95.67	577,078,980	12.62
June 30, 2010	1,773,450,705	1,844,493,001	71,042,296	96.15	603,250,449	11.78
June 30, 2011	1,935,179,988	2,004,006,405	68,826,417	96.57	623,084,570	11.05
June 30, 2012	2,042,809,526	2,108,966,319	66,156,793	96.86	611,139,881	10.83

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS
JUNE 30, 2010 THROUGH 2012

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2010	$ -	$ 730,735	$ 730,735	- %	$ 609,679	119.86 %
June 30, 2011	-	704,993	704,993	-	657,529	107.22
June 30, 2012	-	726,015	726,015	-	642,629	112.98

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

December 28, 2012

Board of Trustees
Sheriffs' Pension and Relief Fund
State of Louisiana
Baton Rouge, Louisiana

We have audited the financial statements of the Sheriffs' Pension and Relief Fund, State of Louisiana, as of and for the year ended June 30, 2012, and have issued our report thereon dated December 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Sheriffs' Pension and Relief Fund is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Sheriffs' Pension and Relief Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sheriffs' Pension and Relief Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriffs' Pension and Relief Fund's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined on the prior page.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sheriffs' Pension and Relief Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the use of the Board of Trustees, Office of the Legislative Auditor of the State of Louisiana, and management and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Sheriffs' Pension and Relief Fund, State of Louisiana for the year ended June 30, 2012 was unqualified.

2. Internal Control:

   Material weaknesses: None noted
   Significant deficiencies: None noted

3. Compliance and Other Matters:

   Noncompliance material to financial statements: None noted

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

None

SUMMARY OF PRIOR YEAR FINDINGS:

None